

Sandhya Infocity Limited

May 13, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	310.00	CARE BB-; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE BB; Stable and moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Limited (CARE Ratings) has been seeking information from Sandhya Infocity Limited (SIL) to monitor the rating vide e-mail communications dated April 24, 2025, May 05, 2025, among others and numerous phone calls. However, despite our repeated requests, the entity has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings has reviewed the rating on the basis of the best available information which, however, in CARE Ratings opinion is not sufficient to arrive at a fair rating. The rating of SIL's bank facilities will now be denoted as CARE BB-; Stable; ISSUER NOT COOPERATING*.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating.

The ratings have been revised on account of non-availability of requisite information due to non-cooperation by SIL with CARE's efforts to undertake a review of the outstanding ratings as CARE views information availability risk as key factor in its assessment of credit risk profile.

The rating assigned to the bank facilities of Sandhya Infocity Limited (SIL) continues to be constrained by high tenant concentration risk, moderate occupancy levels, cancellation risk of the existing leases and moderately leveraged capital structure. The ratings are also constrained by modest governance practices with multiple qualifications in the auditor's report with respect to internal controls and absence of documentation with respect to value of investment property. The rating, however, derives strength from reputed tenant profile, long term lease agreements and adequate debt protection metrics with escrow mechanism in place

Analytical approach: Standalone

Outlook: Stable

Detailed description of key rating drivers:

At the time of previous rating published on April 24, 2024, the following were the key rating drivers. The same has been updated with available information.

Key weaknesses

High tenant concentration risk and cancellation risk of existing leases

The top three tenants of the company occupy 90% of the total leased area and account for 91% of the total lease revenue as of FY24 end. HCL group, the primary tenant, accounts for around 79% of the total lease revenue in FY24. Lock in period in majority of the existing lease agreements has expired and carry the risk of cancellation. However, the risk is mitigated to a certain extent with long-term association with primary tenants and long-term validity period of existing lease contracts.

Vulnerability of the cash flows to fluctuation in rentals and rise in interest rates

The company's cash flow stability is subject to two key external factors: occupancy rates and interest rates. Occupancy over the past three years ending on March 2024 stood at 77%, translating into stable cash flow. However, any decrease due to competition, tenant relocation, or economic downturns would directly impact cash flow. Similarly, the company's debt carries inherent interest rate risk. Rising rates would increase future EMI payments, potentially straining cash flow and affecting the debt service coverage ratio (DSCR). To mitigate these risks, maintaining high occupancy rates with favourable lease terms and long-term lock in periods is crucial.

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Key Strengths

Reputed tenant profile and long-term lease contracts supporting steady cashflows

At the time of last review, SIL had 8 tenants namely HCL Technology, Fujitsu Consulting, First Source, Team Detailing Solutions, AVA Software, Aspire Systems, NGP and Fourshore BPO Ltd. HCL occupied 78% of the total leased area followed by Fujitsu Consulting (11.75%) and First Source (5.84%). Lease agreements with major tenants have long term validity ranging between 2028 to 2033 supporting stable rentals in the medium term.

Favourable location of the park

IT park of SIL is located at Navalur, Chennai which is about 25 km away from the main city. Navalur is one of the key IT hubs in Chennai with most of the IT majors having office base in this location. There are many upcoming and established office spaces and IT parks in the vicinity leading to higher competition. The company is expected to benefit from the imminent arrival of a metro station enhancing accessibility and attractiveness of its location.

Applicable criteria

[Definition of Default](#)

[Policy in respect of non-cooperation by issuers](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Rating methodology for Debt backed by lease rentals](#)

[Rating methodology for Real estate sector](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Realty	Realty	Residential, Commercial Projects

Sandhya Infocity Limited (SIL) operates a commercial office space (IT SEZ Park) at Navalur, Chennai. The IT Park is spread across 22 acres and has a total leasable area of 15.56 lakh square feet. The park has been operational since 2007 under the name ETA Technopark Ltd and subsequently in FY18 it was acquired by KKN group and was renamed as Bayline Infocity Ltd. During FY20, the park was acquired by the current promoters and was renamed to Sandhya Infocity Ltd. Day-to-day operations of the park is managed by a team of professionals. Promoters are based out of Hyderabad. The promoters have experience in construction and project management, and they have previously developed commercial spaces in Hyderabad.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	February 29, 2024 (UA)
Total operating income	107.37	111.91	105.54
PBILDT	78.88	76.80	72.43
PAT	28.82	28.43	NA
Overall gearing (times)	2.01	1.59	NA
Interest coverage (times)	2.45	2.57	NA

A: Audited UA: Unaudited NA: Not available; Note: these are latest available financial results

Status of non-cooperation with previous CRA: SIL has not co-operated with CRISIL Ratings, wherein it has classified the issuer as 'Non-Cooperative' vide its press release dated May 14, 2024. The reason provided by CRISIL was non furnishing of sufficient information towards monitoring ratings.

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Lease rental discounting/ Rent Receivables Financial		-	-	-	310.00	CARE BB-; Stable; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Lease rental discounting/ Rent Receivables Financial	LT	310.00	CARE BB-; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB; Stable (24-Apr-24)	-	-

*Issuer did not cooperate; based on best available information.

LT: Long term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Lease rental discounting/ Rent Receivables Financial	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact Us

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About us:

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